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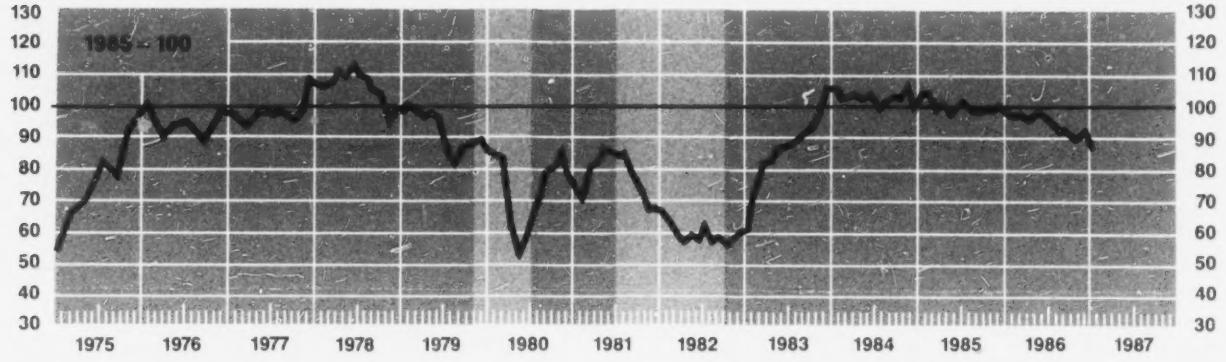
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc

Consumer Confidence Index

February, 1987



CONSUMERS LESS CONFIDENT BUYING PLANS MIXED

The Conference Board's index of Consumer Confidence (1985 = 100) dropped to 85.6 in January for a loss of 8 points for the month. The series had registered an almost 4-point gain in December. However, it is presently well below the level of last year at this time. Plans to buy cars dropped quite sharply last month, but there was little change in intentions to purchase homes and appliances.

Most of the decline in consumer optimism is accounted for by a much less positive assessment of ongoing conditions. Fewer persons than previously consider current business to be "good" and many fewer report that jobs are readily available.

Consumers are also now less secure in their expectations for the next six months. Less than 16% expect business conditions to improve in the immediate future, and under 13% believe that more jobs will become available. Both these readings are lower than they have been in a very long time.

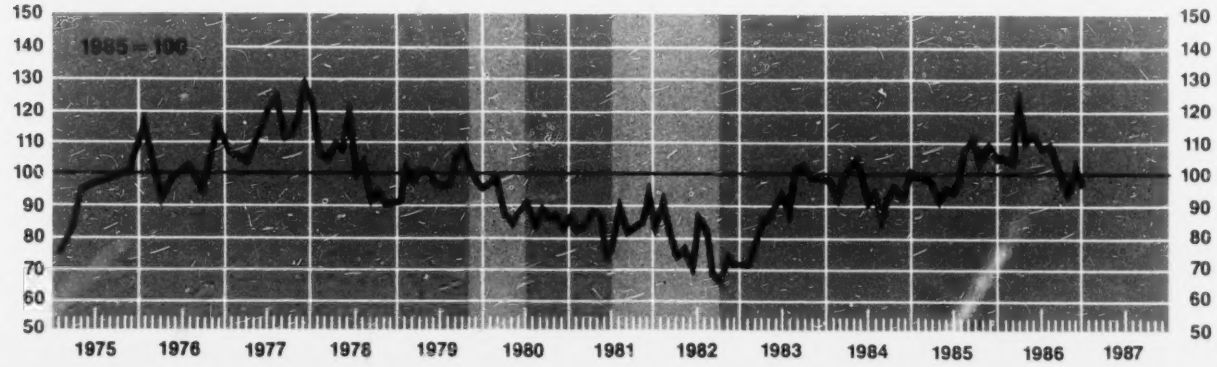
In appraising their personal financial prospects, only about 1 in 5 persons expect their incomes to increase during the first half of this year. This too is the lowest figure in a long time. Uncertainty about the effects of the new tax law may be a factor here.

Buying plans are mixed to softer. Intentions to purchase an automobile were indicated by 7% of all respondents, a loss of almost a full point for the month. This is not surprising given the heavy buying of automobiles late last year. Intentions to purchase a home were indicated by a substantial 4.4% of all respondents, which is about the same figure as last time. Interest in acquiring a major appliance was slightly less prevalent than the month before.

Given the current strong readings of many of the major business indicators, the decline in consumer optimism in January is somewhat of an enigma. The political crisis in Washington, and uncertainty about the possible effects of the new personal tax law, may have contributed to some erosion in confidence. But the consumer, who is in the front lines of economic activity, may be beginning to sense some currents of change which are still too fragile and too recent to show up in the government's major statistical series. Next month's survey may provide a clearer sense of direction.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.
Percentage of all households =100%

NOTE: Revised seasonal factors have been applied in adjusting monthly data for 1986.

All series seasonally adjusted	1986 *Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.(r)*	1987 *Jan.(p)*
						Composite Series: Index Numbers, 1985 = 100							
Consumer Confidence Index	97.6	97.3	97.6	95.4	97.9	97.1	95.7	91.1	92.2	89.8	89.8	93.6	85.6
Present Situation	99.4	98.5	97.2	100.1	100.4	97.6	96.0	89.3	91.3	88.4	86.5	95.9	85.5
Expectations	96.4	96.6	97.9	92.2	96.2	96.7	95.6	92.2	92.9	90.8	92.0	92.1	85.8
Buying Plans Index	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	99.8	93.0	103.5	96.2
						Appraisal of Present Situation: Percent							
Business Conditions													
Good	27.4	27.0	26.8	29.2	28.4	28.1	26.0	23.1	25.2	24.7	23.3	24.6	21.7
Bad	21.9	21.9	22.8	22.3	22.4	23.3	23.9	25.3	26.8	26.6	27.4	25.2	26.5
Normal	50.7	51.1	50.4	48.5	49.2	48.6	50.1	51.6	48.0	48.7	49.3	50.2	51.8
Employment													
Jobs plentiful	19.5	19.1	20.0	19.8	20.5	19.9	20.7	19.4	20.2	19.4	19.1	21.7	18.7
Jobs not so plentiful	50.1	50.3	47.8	49.0	48.1	48.0	46.5	46.7	46.1	45.2	45.9	46.3	47.0
Jobs hard to get	30.4	30.6	32.2	31.2	31.4	32.1	32.8	33.9	33.7	35.4	35.0	32.0	34.3
						Expectations for Six Months Hence: Percent							
Business Conditions													
Better	18.9	19.0	20.6	20.2	20.6	20.7	20.1	19.4	19.7	18.6	18.4	18.3	15.7
Worse	9.0	8.7	9.2	11.9	9.8	9.6	10.4	10.5	10.0	10.7	9.6	10.6	10.9
Same	72.1	72.3	70.2	67.9	69.6	69.7	69.5	70.1	70.3	70.7	72.0	71.1	73.4
Employment													
More jobs	14.2	14.6	15.9	15.1	15.8	16.7	16.3	15.5	16.0	14.2	14.9	14.9	12.8
Fewer jobs	17.0	17.1	17.8	20.4	18.6	18.7	18.6	19.7	19.2	18.8	18.9	18.3	19.3
Same	68.8	68.3	66.3	64.5	65.6	64.6	65.1	64.8	64.8	67.0	66.2	66.8	67.9
Income													
Increase	27.9	26.9	26.5	28.2	27.6	26.9	26.8	25.7	24.5	23.7	23.5	24.2	20.3
Decrease	7.7	8.1	7.6	7.8	8.2	8.7	8.2	9.1	9.8	8.6	8.9	8.4	8.1
Same	64.4	65.0	65.9	64.0	64.2	64.4	65.0	65.2	65.7	67.7	67.6	67.4	71.6
						Plans to Buy Within Six Months: Percent							
Automobile													
Yes	9.0	8.9	8.9	10.0	9.6	9.6	9.2	8.9	8.6	7.8	7.6	7.9	7.0
New	5.1	4.7	4.9	5.6	5.7	5.3	5.0	5.1	4.8	4.4	3.8	4.6	3.2
Used	3.0	2.8	3.0	3.4	2.8	3.6	3.2	2.8	2.5	2.3	2.7	2.6	2.5
Uncertain	0.9	1.4	1.0	1.0	1.1	0.7	1.0	1.0	1.3	1.1	1.1	0.7	1.3
Home													
Yes	3.7	4.2	4.2	4.4	4.5	4.6	4.4	4.1	4.4	4.0	3.1	4.3	4.4
New	1.2	1.1	1.3	1.4	1.2	1.3	1.1	1.3	1.2	1.1	1.1	1.1	1.5
Lived in	1.9	1.9	2.0	2.0	2.0	2.0	2.2	1.9	2.1	1.7	1.6	2.1	1.9
Uncertain	0.6	1.2	0.9	1.0	1.3	1.3	1.1	0.9	1.1	1.2	0.4	1.1	1.0
Major appliances													
Total plans	33.4	30.2	28.1	40.4	29.3	28.2	28.3	32.2	28.4	28.3	28.7	30.8	28.0
Refrigerator	5.9	4.3	3.9	6.2	4.1	4.2	4.4	5.0	4.2	4.9	4.8	4.4	5.1
Washing machine	4.7	4.3	4.1	6.8	4.3	3.9	4.5	4.7	4.2	4.3	4.3	4.4	4.0
TV Set	9.3	9.0	8.5	11.7	7.6	7.2	7.5	7.4	7.2	6.7	6.9	7.8	6.9
Vacuum Cleaner	5.4	4.5	5.0	4.8	5.4	4.8	3.9	5.5	4.8	4.6	4.8	5.6	4.3
Range	3.0	2.6	2.0	3.7	2.9	2.9	2.8	3.2	3.0	3.0	3.2	3.2	3.0
Clothes dryer	3.6	3.4	3.5	5.2	3.6	3.4	3.5	3.6	3.4	3.2	3.4	3.7	3.3
Air conditioner	1.5	2.1	1.1	2.0	1.4	1.8	1.7	2.8	1.6	1.6	1.3	1.7	1.4
Carpet	7.4	7.0	7.1	8.4	6.8	7.5	6.6	7.4	7.2	7.4	6.9	7.7	7.5
						Vacation Intended Within Six Months: Percent							
Vacation Intended		47.0		51.2		51.5		50.3		48.4		49.5	
Destination													
Home state		9.2		10.9		11.7		11.1		9.2		10.1	
Other state		31.9		35.5		36.1		35.4		34.4		34.0	
Foreign country		7.4		7.1		5.4		6.0		6.3		6.6	
Means of travel													
Automobile		28.2		31.4		33.8		31.4		28.8		30.3	
Airplane		18.1		20.4		18.1		19.4		18.0		18.9	
Other		4.9		4.6		3.9		3.8		4.0		3.7	

(p)—preliminary (r)—revised

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